

The Gaymer Group Europe Limited

**Directors' report and financial
statements**

Registered number 2661275

For the year ended 28 February 2003



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28/11/03

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Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 28 February 2003.

Principal activity

The principal activity of the company is the holding of investments in subsidiary undertakings.

Results and dividends

The profit for the year was £4,814,000 (2002: £4,782,000). The directors recommend the payment of a dividend of £9,623,000 (2002: £Nil).

Directors and directors' interests

The directors who served during the year were as follows:

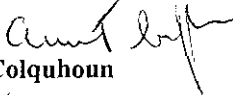
AT Colquhoun
NI Hodges
P Aikens (resigned 30 April 2002)

The directors held no interests in the company during the year that required disclosure under Schedule 7 of the Companies Act 1985.

Auditors

During the year Arthur Andersen resigned as auditors and the directors appointed KPMG LLP to fill the vacancy arising.

By order of the board


AT Colquhoun
Secretary

Whitchurch Lane
Bristol
BS14 0JZ
26/11
2003

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Report of the independent auditors to the members of The Gaymer Group Europe Limited

We have audited the financial statements on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

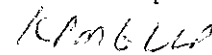
Basis of audit opinion

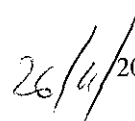
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG LLP
Chartered Accountants
Registered Auditor

 26/4/2003

Profit and loss account
for the year ended 28 February 2003

	<i>Note</i>	2003 £000	2002 £000
Interest receivable and similar income	2	6,877	6,930
Profit on ordinary activities before taxation	3	6,877	6,930
Tax on profit on ordinary activities	5	(2,063)	(2,148)
Profit on ordinary activities after taxation		4,814	4,782
Equity dividends paid	6	(9,623)	-
Retained (loss)/profit for the financial year		(4,809)	4,782

The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains and losses in either year other than the result for each year.

Balance sheet
at 28 February 2003

	<i>Note</i>	2003 £000	2002 £000
Current assets			
Debtors	8	166,290	159,414
Creditors: amounts falling due within one year	9	(122,451)	(110,766)
Net current assets		<u>43,839</u>	<u>48,648</u>
Net assets		<u>43,839</u>	<u>48,648</u>
Capital and reserves			
Called up share capital	10	38,750	38,750
Share premium account	11	5,089	5,089
Profit and loss account	12	-	4,809
Equity shareholders' funds	13	<u>43,839</u>	<u>48,648</u>

These financial statements were approved by the board of directors on
 on its behalf by:

26 / 11 /

2003 and were signed



NI Hodges
 Director

The accompanying notes form an integral part of this balance sheet.

Notes

(forming part of the financial statements)

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Canandaigua Limited which prepares consolidated financial statements which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates enacted at the balance sheet date.

Related party transactions

As the company is a wholly owned subsidiary of Constellation Brands Inc., incorporated in the United States of America, the company has taken advantage of the exemption contained in Financial Reporting Standard No 8, 'Related party disclosures', and has therefore not disclosed transactions or balances with other group entities.

Notes (continued)

2 Interest receivable and similar income

	2003	2002
	£000	£000
Receivable from group undertakings	<u>6,877</u>	<u>6,930</u>

3 Profit on ordinary activities before taxation

No auditor's remuneration is charged in arriving at the profit on ordinary activities before taxation. The audit fee is borne by the ultimate parent company.

4 Directors' remuneration

No director received any emoluments in respect of their services to the company (2002: £Nil).

5 Tax on profit on ordinary activities

	2003	2002
	£000	£000
Current tax		
UK corporation tax	<u>2,063</u>	<u>2,148</u>
Total current tax, being total tax on profit on ordinary activities	<u>2,063</u>	<u>2,148</u>

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2003	2002
	£000	£000
Profit on ordinary activities before tax	<u>6,877</u>	<u>6,930</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30% (2002: 30%)	<u>2,063</u>	<u>2,079</u>
Effects of:		
Expenses not deductible for tax purposes	<u>-</u>	<u>69</u>
Current tax charge for period	<u>2,063</u>	<u>2,148</u>

Notes (continued)

6 Dividends paid

	2003 £000	2002 £000
<i>Equity shares</i>		
- final proposed of 0.248p (2002: £Nil) per ordinary share	9,623	-

7 Fixed asset investments

The company's fixed asset investment relates to investment in the following subsidiaries:

<i>Name</i>	<i>Country of registration or incorporation</i>	<i>Principal activity</i>	<i>Class of shares held</i>	<i>Percentage of shares held in company</i>
The Gaymer Group Overseas Holdings Limited	England and Wales	Holding company	Ordinary	100%

In addition, the company owns 100% of the ordinary share capital of 23 dormant companies, registered in England and Wales. A full list of the company's subsidiaries will be submitted with the company's annual return.

8 Debtors

	2003 £000	2002 £000
Amounts owed by group undertakings	166,290	159,414

9 Creditors: amounts falling due within one year

	2003 £000	2002 £000
UK corporation tax	7,954	6,145
Amounts owed to group undertaking	114,497	104,621
	122,451	110,766

Notes (continued)

10 Called up share capital

	2003 £000	2002 £000
<i>Authorised</i>		
3,875,200,000 1p ordinary shares	38,752	38,752
1,600,000 cumulative convertible participating 'A' preferred ordinary shares of 1p each	16	16
1,600,000 cumulative convertible participating 'B' preferred ordinary shares of 1p each	16	16
	<hr/>	<hr/>
	38,784	38,784
	<hr/>	<hr/>
	44	44
<i>Allotted, called up and fully paid</i>		
3,875,000,000 1p ordinary shares	38,750	38,750
	<hr/>	<hr/>

11 Share premium account

	£000
At beginning and end of year	5,089
	<hr/>

12 Profit and loss account

	£000
At beginning of year	4,809
Loss for the year	(4,809)
	<hr/>
At end of year	-
	<hr/>

13 Reconciliation of movement in equity shareholders' funds

	Equity shareholders' funds £000
At beginning of year	48,648
Retained loss for the year	(4,809)
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At end of year	43,839
	<hr/>

Notes *(continued)*

14 Ultimate parent undertaking

The directors regard Constellation Brands Inc., (formerly Canandaigua Brands Inc.), a company incorporated in the United States, as the ultimate parent company.

Constellation Brands Inc., is the parent company of the largest group of which the company is a member. Copies of the financial statements are available from Investor Relations of Constellation Brands Inc., at 300 Willowbrook Office Park, Fairport, New York 14450.

The smallest group of which the company is a member is that headed by Canandaigua Limited. The consolidated financial statements of this group can be obtained from Companies House or the company secretary of Canandaigua Limited at Whitchurch Lane, Bristol, BS14 0JZ.

As a subsidiary undertaking of Constellation Brands Inc., the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Constellation Brands Inc.